

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
International Settlement Rates)	IB Docket No. 96-261
)	
Petition for Waiver of the Benchmark)	
Settlement Rate for Guyana)	

To: The Commission

COMMENTS OF WORLDCOM, INC.

WorldCom, Inc. ("WorldCom") hereby submits these Comments in response to Atlantic Tele-Network, Inc.'s ("ATN") Petition for Waiver of the benchmark settlement rate for Guyana in the above-captioned proceeding.¹ In its Petition, ATN requests that the Commission waive the benchmark settlement for the U.S. - Guyana route for five years or until Guyana's teledensity reaches 23, whichever occurs sooner. ATN asserts that a grant of this request would "ensure that network expansion and universal service in Guyana are not unduly disrupted by the implementation of benchmark settlement rates."² While WorldCom commends ATN and Guyana Telephone and Telegraph ("GT&T")³ for their success in developing the

¹ See *In the Matter of International Settlement Rates*, 12 FCC Rcd 19806 (1997) ("Benchmarks Order"), *aff'd sub nom. Cable & Wireless P.L.C. v. FCC et al.*, C.A.D.C. No. 97-1612, January 12, 1999.

² *International Settlement Rates*, IB Docket No. 96-261, Petition for Waiver of the Benchmark Settlement Rate for Guyana of Atlantic Tele-Network, Inc. (filed July 6, 2001) ("Petition").

³ ATN, a Delaware corporation, owns a majority interest in GT&T, which terminates international telephone calls from the United States to Guyana. See Petition at p. 1.

telecommunications infrastructure in Guyana, WorldCom believes that granting ATN's request for a waiver of the Commission's *Benchmarks Order* would be contrary to the public interest. For the reasons set forth below, the Commission should deny ATN's Petition.

I. Background

In 1997, the Commission adopted the *Benchmarks Order* with the goal of significantly reducing the cost of international long-distance telephone service through lower, cost-based, nondiscriminatory settlement rates. In developing the relevant benchmark settlement rates for each country route, the Commission used publicly available tariff rates and data collected by the International Telecommunication Union. The resulting benchmark settlement rates varied primarily according to a country's level of economic development. While the Commission acknowledged that the benchmark rates still exceeded costs, it believed that the benchmark rates would significantly reduce the subsidies embedded in existing rates.⁴

To ensure a smooth transition to benchmark rates, the Commission adopted five transition periods in which settlement rates would be reduced to the applicable benchmark rate. The transition period was designed to take into account the needs of all countries, and specifically, the impact that settlement rate reductions would have on developing countries. Guyana was given a four-year transition period to reach the Commission's 23-cent benchmark settlement rate by January 1, 2002.⁵ In the *Benchmarks Order*, the Commission noted that it "believe[s] this classification scheme provides a reasonable basis for determining a country's

⁴ See *Benchmarks Order* at ¶¶ 41, 129.

⁵ See *id.* at ¶ 165.

ability to transition to a more cost-based system of settlement rates without undue disruption to its telecommunications.”⁶

In the *Benchmarks Order*, the Commission addressed the concerns of some commenters--revived in ATN’s petition -- that settlement revenues are necessary to fund network development and universal service requirements.⁷ The Commission recognized that:

[S]ettlement revenues are no longer a stable source of funding for network infrastructure development as a result of changes in the global telecommunications market. Thus, to the extent that settlement payments have been used for telecommunications infrastructure development, alternative funding mechanisms, from both public and private sources, must be identified.⁸

WorldCom continues to support the Commission’s conclusion that funding for network infrastructure should not be financed disproportionately through settlement revenues.⁹

II. ATN Does Not Meet the Necessary Benchmark Waiver Criteria

In the *Benchmarks Order*, the Commission emphasized that any party may request it to waive, in a specific case, the benchmarks adopted in the *Order* on the basis that “that they do not permit the recovery of the incremental costs incurred to receive, transmit, and terminate international service.”¹⁰ In its request, a petitioner “must demonstrate that the relevant incremental costs are higher than the established benchmark.”¹¹ In its petition, ATN discusses GT&T’s heavy reliance on settlement revenues in order to build out Guyana’s network. It fails,

⁶ *Id.* at ¶ 162.

⁷ *See id.* at ¶ 142.

⁸ *Id.*

⁹ *See id.* at ¶ 148.

¹⁰ *See Benchmarks Order* at ¶ 88.

¹¹ *Id.*

however, to provide information pertaining to the long run incremental costs of its network. This information is essential in order for the Commission to evaluate whether a waiver of the benchmark is justified because the benchmark rate does not permit GT&T to recover its incremental costs. Without this information, the Commission has no basis for evaluating ATN's waiver request. The Commission has provided a clear and predictable standard for parties to meet in order to obtain a waiver of the *Benchmarks Order*.¹² ATN has not attempted to meet this standard.

¹² The Commission also will consider providing additional transition time where a U.S. carrier providing service to a country can demonstrate that annual reductions in settlement rates would entail a loss of greater than 20 percent of the country's annual telecommunications revenues. *See id.* at ¶ 174.

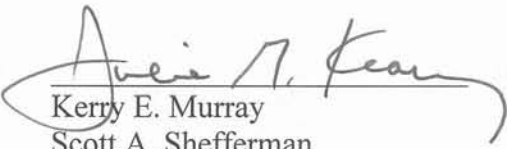
III. Conclusion

The Commission's *Benchmarks Order* has been highly successful in driving lower, cost-based, nondiscriminatory settlement rates, to the benefit of U.S. consumers. The Commission also ruled, however, that it would consider granting a waiver of the benchmark settlement rate if a showing was made that a carrier's long-run incremental costs exceeded the relevant benchmark rate. In the absence of such a showing, the Commission has no choice but to deny ATN's petition for a waiver of the benchmark settlement rate on the U.S. - Guyana route.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned, an employee of WorldCom, Inc., hereby certifies that the foregoing document was mailed this date by First Class U.S. mail, postage prepaid, or was hand-delivered*, to the following:

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